811

CD 1035/25

AND SECURITY DEPT.

FILE PERIOD: 1954-1956 FILE TITLE FILE NUMBER NATIONALISATION OF THE PGYPTIAM SUEZ CANAL When circulated this file must be enclosed in a "Special Care" numbered box and must CLOSED be kept under lock and key when not in use. INDEX HEADINGS Construction of the constr bearers francis for the second of the second

Wt. 13074/5472. 42,250(11 sorts) 8/50. G.B. (L.) Ltd.51-7131



RELATED FILES

Part A

150 63/05 - Intelligience for Operation Hushetens

Territories to Sreg Canal Schnarion

INF 89/173/05 - Reachin in the Colonies to the Middle East Schehein

CROSS REFERENCED UNDER :-

75 J.C. (56) 97 (Paelininary Draft) - 24.9.56
76 Extract from Je (56) 83rd Htg (Directors) - 20.9.56. hurthunde n (25) h hurthy (76.) 113 27/6
29
77 Extract from Jic (56) 85th Mtg (Deputy Director 0) _26.9.56 Muly MB 2879
M3 20/9
78 JIC (56) 97 (Draft) - 2.10.56
arranged with The Granded hashed make notablished foodman). on (8), Sh foodman). BE/10
My Bouton My Holes - Jic(56) 9 7 (Revised Duft) - 5.00-5 My Bouton Market Market Market Min paper - Unis Red work from the form Tape with this paper - Unis See present portion for the Thurs plan meeting see present plates 1804 for Thurs plan meeting see present plates 1804 for Thurs plan meeting

ManVanis Ju my Celu to Cook Wazer (79) befre zour papers are put rojelle for Thurdy's meeting. Our wheret are avend grans 17-18 + 19 (f). Ats brokepand, there is our me une det meled "intimal" ansers ment at (94) on Pour B. WW 9/w 3 bint pro This was dis and or in some degree ameended at Ydays fre. sund on to Trigher authority. The 1710 ahoua 80 II C. 86 97 (Final) hu bralsa b. hu lanstain above. 2. Vru will observe that in (80) the Wiredir han hot followed what is his 1/ara 19(8), & (29) affective hs. Polon a their the mallein much, but we had the

Corered the point of Islam in Africa, which foer beyond what is called "hatimalin" today in Hrien burn Bailor

Egyption 'Islamic' activité will not be
Confined & Keya alone, lut will be puroued
wheneve there are Mohumedon communités.

Say lar, N. Nigara, Smalland. To that

Extent para 19(f) of amex & (80) +

extent para 19(f) of amex & (80) +

Marthappara (24)
Onesports prend (24)
Para 1+ of (80) lower gets it ight.

Mislio

Sin John Markherson.

She Jones Burnes

The Eastroop

for may be intersted to Rad (80). The points really concerning us on paras 18 of the former, and parant and 19 of the Banes, the Tatter being reproduced in para 2 (8) of the Covering works. Para 18 pets it right, this covering works. Para 18 pets it right, I this covering works. I pera 19 (6) is a undolled Level and attempt to take this a undolled Level and ambition Extend beyond that Egyptian ambition Extend beyond the subversion of hunder and that beyond the subversion of hunder and that

Britist avorements of whatever kind. Little harm is Ithink true by this unddle.

The porket was made in disaming, ris at adequately offeted in the vivise, Mat this catalogue of unischief ein paras. 87-18 does not reprent an amen ment of what Egypt will do and that it represents a peet déal une Mais Epype could do , tolen as a Whole, at any one time. Addocument of this land necessatily neglects counter. · meener whether by the tile or if by centain of the other that counties. Ilhunh Ministers unglit be citertes

1/ Can Tours

Seen with interest.

Low Lloyd Kuinski Pf State

To see 80 Alas 18210758

5. N. night can Co ta

Extract from J. 1. C (56). 9200 fling (Dirictors) 11. 10.56 Put by (Syd) f.13. 24/10 To Hong Kong - Yel. No 821 - 17.10-56 Wraft on FEP 82/403/01 To Hong Kong - Tel. No 808 - Ref(82) - 19.1056 Original on FED 82/403/01 Entract in Hong Kong Reols _______ 11.10.56

Original on FEQ 82/403/01 Whach (Put) i lunder an Yrom a menute of the Le (Dudin). M. Au hon the usual reference I leh me have this file back - the original market 8 14 100 100 cm 12 (84) Thould have hem Frah Y plear R 2576 Ju Phene. Ref (84) Reu Um The hand had (83) a chii un Mi Aurrent (Red) hetsellesena Kenino B 29/10

In halton In Tic (Mu brest) Whomes ref cros saying that Thui man in hasher fin, Le is a TIB nominée, this paper to Wished & Din h thut the the mericans Ato agreed. 2. The hushantin man acrunes merih with the Americain ly action When therid; i the Ao, of touse, seg, and an frauns in this fame. In a TIB man fur haison in non whi to Indre the positive superanssins of American anti-Comalion des 3. Rucommend me do hot agree: Alternatively that if it wen that Army of the lub ont, literally, es The Americans do with many of their he he fulper &.

Phata Peare spal. I'm who clear what preve objection there is for the C.O. Nadpart a connecating pear 2 (f) of over theet a pares 17-18 of the paper to the Americans.

M29/10

he huhin ar gon are out a Phan W be any bonorrow l'urll menute 2. The reasoning in thoford: - (a) the U.S. has pluged fank h loose with he over The 93; h, an Jon will L'ee, all thi papers au UK Eges Orly", moluding l'uch Til minuter as (84); and (h) the U.S. would don't then Lee further Sphatamber las anti-armalism in tho hangrophs ated in my minule of 29/10. Today one might puhalos add:-(e) The Middle lank ferment of Yesterday high A thi apparently, squivoral altitude of the US-acc: to the howspapers) (Mxw Bailm

HOW

The above are goveral valler than C.O. prints: for the C.O. strapport, I think

the argument at (b) above, in alaba to the patient pages is strained. I dined yrelf profer that this paper Lines ust be Randed er the Americans: Out if the F.O. are prepared to de so, I handly the le we have grands fraginer a this patienten unVace. Will on Altwell theughe please let A west JIC how ranner that a general punds we think this should unan UK eyes only) lut we have us speake spection as equals the Colmal 'panges' if it is decided oblimme MBak lixe Cales. MW 30/10 My (80). Nøske hu balson, Rjoske hu her h(HC) faring in brow of recent Events Egoulteennly Council helo be fell:(a) That distributes papers
(b) Thould he tinger be automatie, i done Cy Mail alone j F (b). He world want & and for ministerial Landin bebe hukung h / " / /

85 Jie/2682/56

The Fo. take the line that the parming fait!.

to U.S. re. went be a make properly

decision, re probably praction otherwise

31.10.56

2.11.56

thein on the "lutellijene" net.

Pathy. Chry

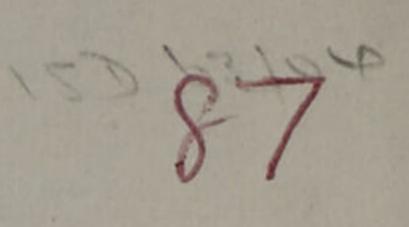
86 Extract from JIC (56) 99th Htg (Directors)-1,11.56.

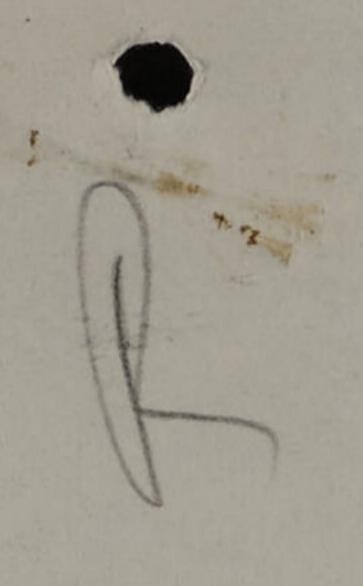
87 M/Det - DEF 4841

hu huhin To see 85 on ruf 80 h Spuller. Green Bailm 7:11

MW S/# mes

SECRET





NOLLOSS - PRINCIPE STATE OF THE STATE OF THE

FROM: MINISTRY OF DEFENCE, LONDON

TO: B.J.S.M., WASHINGTON

ROUTINE

OZ 8335 TOO 021610Z

U.K. EYES ONLY

DEF, 4841

2nd November 1956

J.I.C. For Secretary, J.I.C. (Washington) from Secretary

Reference ZO 942.

J.I.C. have considered your suggestion. They are however not prepared to release JIC(56)97(Final) to U.S. authorities (or to old Commonwealth Countries) at present time for following reasons:

(a) to some extent the report has been overtaken by recent developments;

(b) in the present political climate, it would be inappropriate to release the paper.

CIRCULATION

T00 021610Z

D.C.O.R.
Secretary, JIC
Mr. P.H. Dean, Foreign Office
D.N.I., Admiralty
D.M.I., War Office
A.C.A.S.(I), Air Ministry
Sir Dick White
Director General, Security Service
Director JIB
Mr. C.Y. Carstairs, Colonial Office
Mr. E.M. Jones
G.C.R. (London)
Major General W.H.A. Bishop, C.R.O.
Mr. E.C. Williams, Ministry of Defence

U.K. EYES ONLY

2. ACTIONS BY NASSER IN CERTAIN CIRCUISTANCES

(Previous reference: J.I.C. (56)92nd Meeting, Minute 7) 81

THE COMMITTEE had before them a minute by the Secretary pointing out that suggestions had recently been made for the report on the above subject to be passed to the United States authorities and to the Old Commonwealth Governments in particular.

In discussion it was suggested that, in view of the new situation in the Middle East, it was not within the competence of the Committee to extend the circulation of the report, and that in view of the political implications such a decision should be made by Ministers.

THE COMMITTEE: -

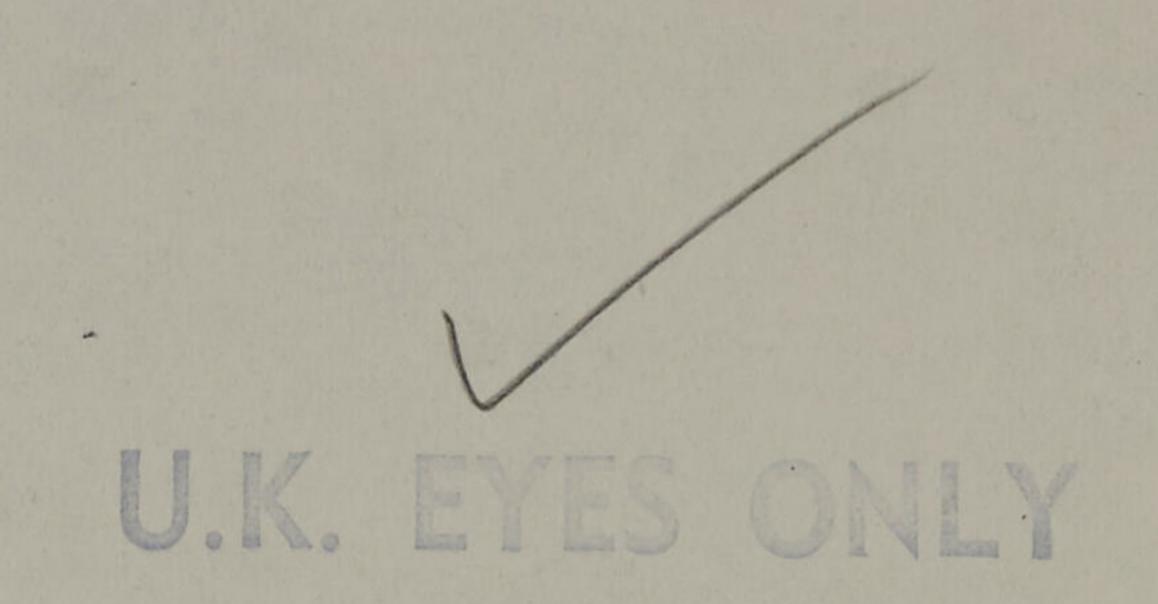
- (1) Instructed the Secretary to inform the Secretary, J.I.C. Washington that it was not possible at this stage to make the report available to the United States authorities.
- (2) Invited the Commonwealth Relations Office to consider how best to raise the question of communicating the substance of the report to the Old Commonwealth Governments.

85 / J.I.C./2682/56 80 / J.I.C.(56)97(Final)

SECRET

J.I.C./2682 /56 COPY NG. - 19

MR. P.H. DEAN
D.N.I.
D.M.I.
A.C.A.S.(I)
SIR DICK WHITE
DIRECTOR GENERAL, SECURITY SERVICE
DIRECTOR J.I.B.
MAJOR GENERAL V.H.A. BISHOP, C.R.O.
MR. C.Y. CARSTAIRS, COLONIAL OFFICE
MR. E.M. JONES



Copy to: - Mr. E.C. Williams, Ministry of Defence.
Joint Intelligence Staff.

THE PROBABLE ACTIONS OF NASSER IN CERTAIN CIRCUMSTANCES

You will recall that you have recently approved a report on probable actioms by Nasser in certain circumstances. This report was given a limited "UK EYES ONLY" circulation.

- 2. A telegram has now been received from the J.I.C. (Washington) suggesting that this paper should be made available to the U.S. authorities, or if this is not possible, that the gist of the report to be given to the State Department and to C.I.A.
- 3. The Commonwealth Relations Office consider that this report might also be made available to the old Commonwealth Governments and other departments have also suggested that the distribution of this report should be extended.
- 4. The Colonial Office, on the other hand, consider that the approval of Ministers should be obtained before extending the circulation of the report.
- 5. In order that you may consider whether the report can be downgraded and circulated to the Americans and Commonwealth authorities, I shall place this minute on the Agenda of the meeting of the Committee (Directors) to be held on THURSDAY, 1st NOVEMBER, 1956.

(Signed) N.H. WEST.

31st October, 1956.

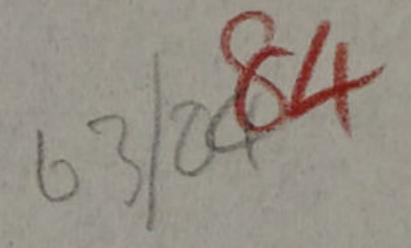
+ JIC(56)97 Final.

Po had agreed.

2. Metpara 4. I faid only as regards the transfer with SECRET hours of the formants.

Dominion's SECRET hours of the first only as regards the formation of the foreal department of the formation of the formation of the formation

Cepy for Suez Canal file in H504



COPY

org a FED 82/403/07

U.K. EYES ONLY

4. HONG KONG RIOTS

MAJOR GENERAL PRICE referred to the recent riots in Hong Kong, and suggested that perhaps the potential danger had been underestimated.

MR. CARSTAIRS said that reports showed that the authorities in Hong Kong had not underestimated the risk of a flare-up. The present time was one of high emotion due to Chinese religious festivals. In addition there had been an influx of population, resettlement problems, and a series of fires. He agreed with a suggestion by Mr. Dean that the Governor might be asked to say specifically whether he anticipated that a resort to force over Suez would be used as the occasion for further trouble.



THE COMMITTEE: -

Invited the Colonial Office to obtain the views of the Governor of Hong Kong on the situation outlined in discussion above.

- 2 -

Salvard-from JIC (565 92 md Mly (Directors)- 11-10.56.
Original Fiel) 82/403/01

83

INWARD TELEGRAM

TO THE SECRETARY OF STATE FOR THE COLONIES

FROM HONG KONG (Sir A. Grantham)

Simplex

D. 19th October, 1956.

12.25 hrs.

IMMEDIATE
SECRET AND GUARD
No.808

Addressed to S. of S.
Repeated "Peking No.53, Tamsui No.43,
Commissioner General for the U.K.
in S.E.A. No.100 by savingram
and to
Washington (S. of S. please pass
No.46 (to Washington).

Your telegram No.821.

Relations with China.

My answer can only be speculative. The Chinese Government will make trouble(serious or light) in Hong Kong whenever it suits them, inventing for the occasion some pretext or other. The use of force over Suez by H.M.G. would probably not (repeat not) in itself be used as a pretext for serious trouble although the Chinese Government has pledged itself to give Egypt its fullest support.

- Chinese plans for action against Hong Kong include a gradual working up, it may be said that they would start from a more forward position today than e.g. six months ago. The propaganda build up against Hong Kong starting with the agitation against the immigration quota and now connected with the riots and the alleged plot to create disturbances in Canton on 10th October is already considerable, the next stage might well be internal disorders stirred up through trade unions, schools and other Communist elements within the Colony possibly a show of force near the frontier and possibly economic sanctions in relation to food supplies.
- My guess would be that the Chinese might be tempted to effect a coup de-main only if troops were withdrawn from Hong Kong and H.M.G. seemed to be heavily committed militarily in Suez. Even a temporary withdrawal would offer a temptation to them.

(Copies sent to Foreign Office for repetition to Washington.)

Copies sent to:-

Foreign Office J. I. C. - Mr. A. L. Mayall

- Secretary



OUTWARD TELEGRAM

FROM THE SECRETARY OF STATE FOR THE COLONIES

TO HONG KONG (Sir A. Grantham)

Cypher (O.T.P.)

FED 82/403/01

Sent 17th October, 1956. 19.00 hrs.

IMMEDIATE
SECRET AND GUARD
No. 821

Addressed to Governor, Hong Kong.

Repeated "Peking,
"Tamsui,
"Commissioner-General by bag.
for the U.K. in
S.E. Asia,
"Washington,

Relations with China.

The question has been asked whether a resort to force by H.M. Government over Suez might be used as the occasion for further trouble in Hong Kong. Grateful for your views.

(Copies sent to Foreign Office for repetition to Peking and to Outward Bag Room Foreign Office for transmission to Tamsui, Commissioner-General, South East Asia and Washington).

Copies sent to:-

Foreign Office

Mr. A.L. Mayall

7. PROBABLE ACTIONS BY NASSER IN CERTAIN CIRCUMSTANCES

(Previous reference: J.I.C. (56)81st Meeting, Minute 9)

THE COMMITTEE had before them a draft report, prepared by the Joint Intelligence Staff, on the above subject.

THE COMMITTEE considered the draft report paragraph by paragraph and agreed a number of amendments.

THE COMMITTEE: -

- (1) Approved the draft report subject to the amendments agreed in discussion.
- (2) Instructed the Secretary to circulate the report to the Chiefs of Staff.

ø Subsequently circulated as J.I.C. (56)97(Final)

80

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT



The circulation of this paper has been strictly limited.

It is issued for the personal use of M. Garstein.

TOP SECRET

Copy No. 82

U.K. EYES ONLY

CIRCULATED FOR CONSIDERATION OF THE CHIEFS OF STAFF

J.I.C.(56)97(Final)

11th October, 1956

U.K. EYES ONLY

LIMITED CIRCULATION

CHIEFS OF STAFF COMMITTEE

JOINT INTELLIGENCE COMMITTEE

PROBABLE ACTIONS BY NASSER IN CERTAIN CIRCUMSTANCES

Report by the Joint Intelligence Committee

In our report at annex we examine the future courses of action which Nasser might adopt if the Suez crisis were settled on terms which were considered satisfactory by him and which left his prestige undiminished.

- 2. Our conclusions are as follows:-
 - (a) In order to promote what he conceives to be Egypt's interests and to maintain his own personal position, both internally and externally, Nasser will have to maintain the momentum of his policies of eliminating the remaining vestiges of foreign control within Egypt and of establishing Egypt as the head of the Arab world. He will have no alternative but to rely on Soviet economic support in this and will thus become increasingly subject to Soviet political influence.
 - (b) Nasser will probably not feel strong enough to attack Israel until he has greater control over Syria and Jordan and the Egyptian and other Arab forces are better trained and coordinated. Soviet influence will probably attempt to restrain Nasser from such an attack.
 - (c) Inside Egypt Nasser is likely to denounce the Canal Base agreement and nationalise the oil industry.

TOP SECRET U.K. EYES ONLY He will bring pressure to bear on the Sudan to agree to the High Aswan dam project. (e) He will bring pressure to bear on those Arab States which have agreements with Western powers (Iraq, Jordan and Libya) to terminate them. If they refuse he will attempt by subversion or violent means to replace the present rulers by ones more complacent to him. He may also incite revolution in Saudi Arabia if King Saud will not give him financial and other help. (f) Elsewhere Wasser will attempt by subversion to reduce the power of Western oil interests and remove or reduce British influence, particularly in Aden and the Persian Gulf. He will step up propaganda among the Arab population of Kenya and will seek to exploit nationalist sentiment in all the British African territories. (g) Nasser would probably like to carry out all these courses together but some will require money and resources and will take time to execute; further, some must depend for their timing on circumstances outside his own control. In the event, it is unlikely that he would be able to carry out all these courses simultaneously. As an opportunist, he will switch the emphasis from one course to another at little notice. It is therefore not possible to forecast how the situation would develop. Recommendation 3. We recommend that the Chiefs of Staff take note of our report.

(Signed) P.H. DEAN
J.G.T. INGLIS
C.R. PRICE
W.M.L. MACDONALD
K.W.D. STRONG
C.Y. CARSTAIRS

Ministry of Defence, S.W.1.

11th October, 1956

U.K. EYES ONLY TOP SECRET

ANNEX

PROBABLE ACTIONS BY NASSER IN CERTAIN CIRCUMSTANCES

Report by the Joint Intelligence Committee

In this report we examine the future courses of action which Nasser might adopt if the Suez crisis were settled on terms which were considered satisfactory by him and which left his prestige undiminished.

Nasser's Policy

2. Nasser's policy hitherto has consistently followed two main principles: internally, the elimination of any vestiges of foreign control over Egypt and externally the establishment of Egypt as the undisputed leader of the Arab world. pursuance of the first of these principles Nasser secured the removal of the United Kingdom troops from the Canal Zone and the elimination of international control over the Suez Canal. In pursuance of the second principle a widespread diplomatic and propaganda campaign has been mounted building up Nasser as the champion of Arab nationalism and harnessing all sources of Arab dissatisfaction with the Western world (e.g. Israel) to this cause. The nationalisation of the Suez Canal does not bring either of these policies to a conclusion and Nasser can be expected to press on with them both. In any case, his own personal interests as well as what he conceives to be Egypt's national interests are bound up with the successful prosecution of these policies; he is a revolutionary dictator and his personal success depends, both internally and externally, on maintaining the momentum of his policies.

Egyptian Internal Problems

3. Internally, Nasser has serious economic difficulties to contend with. The population of Egypt is increasing rapidly and more agricultural land and diversification by industrial development are urgently needed to support it; this in turn necessitates investment, calling for considerable foreign support, in further irrigation schemes such as the Aswan Dam project and a variety of industrial schemes. Any of the large irrigation schemes will require the agreement of the Sudan and possibly other riparian states. Egypt faces difficulties over her balance of payments. Until recently she has been bridging the gap by drawing on her foreign assets, a resource which is now to a large extent closed to her by the measures taken by the U.K., U.S.A. and France; the resultant difficulties are unlikely to become acute for some months, but thereafter may grow, especially if Western economic pressure is increased. Nasser will be forced to find a solution to these problems if economic stability and even the present standard of living are to be maintained. However, these difficulties will be at least partially resolved if there is a settlement.

Egyptian External Relations

4. Soviet Bloc. The withdrawal of Western economic help and to a greater extent the imposition of economic restrictions by the West will tend to put Egypt more and more under Soviet influence. Nasser will try to avoid this by negotiating trading and financial

U.K. EYES ONLY

agreements with uncommitted countries, but it is unlikely these will either give him the credits needed for large long-term projects or be able to supply his requirements of heavy arms and aircraft. He will not wish to become more dependent on Soviet bloc help as this will expose him to Soviet blackmail and will make some other Arab leaders, notably King Saud, less willing to cooperate with him. It is difficult to see, however, how he can avoid an increasing dependence on the Soviet bloc and Soviet influences are therefore likely to have a mounting effect on his political policy. Soviet advice is likely during the next two or three years at least to be against violent action which might involve directly the Western powers, particularly the United States, under the terms of the Tripartite Declaration.

5. Israel

- (a) The single factor which has most unified the Arab world is the dispute with Israel. A successful attack on Israel under Nasser's leadership would win him a supreme position in the Arab world. Defeat on the other hand would undo all his recent gains and might well mean his own deposition. To ensure success Nasser would probably think it necessary to carry out combined offensives from Egypt, Jordan and Syria. He will at present be doubtful of the efficiency of the Jordan and Syrian forces and may not be entirely confident of the efficiency of his own forces in comparison with those of Israel.
- (b) It seems likely that Nasser will try to improve the efficiency of the Arab forces and to gain more direct or indirect control over Jordan and Syria before attacking Israel. Soviet advice is likely (see para. 4) to be against such an attack, as this would probably involve Egypt in a direct clash with the West. Even so, the possibility cannot be excluded of an upsurge of triumphant Arab nationalism on the satisfactory conclusion of the Suez dispute, possibly triggered off by a series of irresponsible border incidents, forcing him to act against Israel sooner than he would wish.
- 6. Arab States. Externally, Iraq presents the greatest threat to Egypt in her bid for the leadership of the Arab world. In addition, Nasser's success and his growing dependence on Communist support has frightened the richest of his allies, King Saud.

Probable actions

7. In view of the various considerations outlined above we would expect Nasser's next actions to be those given in the succeeding paragraphs. He would probably like to carry out all these courses together but some will require money and resources and will take time to execute; further, some must depend for their timing on circumstances outside his own control. In the event, it is unlikely that he would be able to carry out all these courses simultaneously. As an opportunist, he will switch the emphasis from one course to another at little notice. It is therefore not possible to forecast how the situation would develop.

U.K. EYES ONLY TOP SECRET

- 8. Egypt. (a) He will probably denounce the Canal Base agreement and take over the base. It is the most obvious vestige of foreign control on Egyptian soil and he will certainly wish to get rid of it.
 - (b) He is likely to nationalise the Agnlo-Egyptian Oil Company. He has already hinted at this.
 - . (c) He will seek to realise the Aswan Dam project despite the withdrawal of Western financial support. Since presumably the money will not be available from any Western source, he will be compelled to have recourse to the Soviet Union.
- 9. Sudan. In addition to finance, the success of the Aswan Dam project depends on agreement with the Sudan on the use of the Nile waters: he will therefore renew negotiations with Khartoum. If the Sudanse Government raise difficulties, he will seek to gain his ends by subversion, corruption and propaganda, possibly leading to the downfall of the present government and its replacement by one favourable to him.
- 10. Iraq. He will seek to bring about a revolution in Iraq with the object of removing the present pro-Western regime. Such a plot would certainly include the assassination of Nuri. There are already elements in Iraq impressed by Nasser's present success and they would be greatly heartened if his nationalisation of the Suez Canal succeeded. In addition, there are indications that Egyptian plans for a revolution have already been made.
- 11. Western Oil Interests. Since his championship of the cause of Arab nationalism inevitably involves opposition to Western exploitation of the raw materials of the Arab countries, Nasser will encourage plots to eliminate Western control over oil, the most important of these materials. We expect he will foment general unrest in the oilfields in the Middle East, with the object of furthering Egyptian leadership of the Arab world.
- 12. Jordan. Nasser will try to force Jordan into closer association, encouraging the pro-Egyptian extremist elements to take over the government and denounce the Anglo-Jordan Treaty. If King Hussein and his advisers withstood this pressure, Nasser would probably organise a revolution in an attempt to bring down the monarchy.
- Saudi Arabia. Pressure will be brought to bear on King Saud to come into closer association with Egypt. Egypt's financial resources are limited and the financial assistance of King Saud is extremely important to Nasser in paying for the prosecution of his policies in the Arab states. If King Saud continues cool towards Nasser, the latter might even attempt to overthrow the monarchy in Saudi Arabia.
- 14. Libya. In Libya pressure will be brought to bear on the Libyan Government to denounce the agreements with the United Kingdom and the United States on the provision of bases. The Libyan Government would have little ability to resist such pressure, particularly if Nasser had been successful with his

subversion in other Arab states. As in the case of Jordan and Saudi Arabia, he would not hesitate to organise the downfall of the monarchy if the King and his advisers withstood his pressure; there is already evidence of an Egyptian plot against the King's life.

- 15. Persian Gulf. In the Sheikhdoms of Kuwait, Bahrain and Qatar Nasser will probably exploit the rising tide of Arab nationalism and dissatisfaction with feudal rule to prompt demands for the termination of the protectorate treaties and of the special position of H.M.G. generally. He may even attempt similar action in the Trucial States. In the Sultanate of Muscat and Oman he may attempt to instigate armed rebellion.
- 16. North West Africa. He will increase his support for the Algerian rebellion by propaganda and by increased smuggling of arms in order to assist in the expulsion of France from North Africa and to lure Morrocco, Algeria and Tunisia under his influence.
- 17. Aden. In Aden, Nasser will try to force Britain out of both the Protectorates and the Colony by instigating political and industrial unrest in the Colony and armed rebellion in the Protectorates. Saud Arabia and the Yemen would probably be willing cooperators in this plan.
- 18. British Territories in Africa. With the object of promoting the aggrandisement of Egypt and reducing the influence of the United Kingdom in the Middle East and Africa, Nasser will exploit nationalist sentiment in all the British territories in Africa, encouraging demands for independence from the United Kingdom and fomenting strikes and labour unrest. These will include subversive activities among the Arab population of Kenya and in other Mohammedan areas of the African colonies.

Conclusions

- 19. Our conclusions are as follows:-
 - (a) In order to promote what he conceives to be Egypt's interests and to maintain his own personal position, both internally and externally, Nasser will have to maintain the momentum of his policies of eliminating the remaining vestiges of foreign control within Egypt and of establishing Egypt as the head of the Arab world. He will have no alternative but to rely on Soviet economic support in this and will thus become increasingly subject to Soviet political influence.
 - (b) Nasser will probably not feel strong enough to attack Israel until he has greater control over Syria and Jordan and the Egyptian and other Arab forces are better trained and coordinated. Soviet influence will probably attempt to restrain Nasser from such an attack.
 - (c) Inside Egypt Nasser is likely to denounce the Canal Base agreement and nationalise the oil industry.
 - (d) He will bring pressure to bear on the Sudan to agree to the High . Aswan dam project.

- (e) He will bring pressure to bear on those Arab States which have agreements with Western powers (Iraq, Jordan and Libya) to terminate them. If they refuse he will attempt by subversion or violent means to replace the present rulers by ones more complaident to him. He may also incite revolution in Saudi Arabia if King Saud will not give him financial and other help.
- (f) Elsewhere Nasser will attempt by subversion to reduce the power of Western oil interests and remove or reduce British influence, particularly in Aden and the Persian Gulf. He will step up propaganda among the Arab population of Kenya and will seek to exploit nationalist sentiment in all the British African territories.
- (g) Nasser would probably like to carry out all these courses together but some will require money and resources and will take time to execute; further, some must depend for their timing on circumstances outside his own control. In the event, it is unlikely that he would be able to carry out all these courses simultaneously. As an opportunist, he will switch the emphasis from one course to another at little notice. It is therefore not possible to forecast how the situation would develop.

Note

The attached Draft is circulated for consideration by the JIC . Committee (Directors) on Thursday, 11th October, 1956

Ministry of Defence, S.W.1.

5th October, 1956

+ J.I.C. (56)97 (Revised Draft)

TOP SECRET U.K. EYES ONLY (83111) Wt. 52188-D1110 80m 12/55 D.L.

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

The circulation of this paper has been strictly limited.

It is issued for the personal use of.....

TOP SECRET

Copy No. 43

DRAFT

TO BE RETURNED TO THE SECRETARY, JOINT INTELLIGENCE COMMITTEE

J.I.C. (56)97 (Revised Draft)

5th October, 1956

CHIEFS OF STAFF COMMITTEE

JOINT INTELLIGENCE COMMITTEE

PROBABLE ACTIONS BY NASSER IN CERTAIN CIRCUMSTANCES

Draft Report by the Joint Intelligence Committee

In this report we examine the future courses of action which Nasser might adopt if the Suez crisis were settled on terms which were considered satisfactory by him and which left his prestige undiminished.

Nasser's Policy

2. Nasser's policy hitherto has consistently followed two main principles: internally, the elimination of any vestiges of foreign control over Egypt and externally the establishment of Egypt as the undisputed leader of the Arab world. In pursuance of the first of these principles Nasser secured the removal of the United Kingdom troops from the Canal Zone and the elimination of international control over the Suez Canal. In pursuance of the second principle a widespread diplomatic and propaganda campaign has been mounted building up Nasser as the protagonist of Arab nationalism and harnessing all sources of Arab dissatisfaction with the Western world (e.g. Israel) to this cause. The nationalisation of the Suez Canal does not bring either of these policies to a final conclusion and Nasser can be expected to press on with them both. In any case, his own personal interests as well as what he conceives to be Egypt's national interests are bound up with the successful prosecution of these policies; he is a revolutionary dictator and his personal success depends, both internally and externally, on maintaining the momentum of his policies.

U.K. EYES ONLY

Egyptian Internal Problems

3. Internally, Nasser has serious economic difficulties to contend with. The population of Egypt is increasing rapidly and more agricultural land and diversification by industrial development are urgently needed to support it; this in turn necessitates investment, calling for considerable foreign support, in further irrigation schemes such as the Aswan Dam project and a variety of industrial schemes. Any of the large irrigation schemes will require the agreement of the Sudan and possibly other riparian states. Egypt faces difficulties over her balance of payments. Until recently she has been bridging the gap by drawing on her foreign assets, a resource which is now to a large extent closed to her by the measures taken by the U.K., U.S.A. and France; the resultant difficulties are unlikely to become acute for some months, but thereafter may grow, especially if Western economic pressure is increased. Nasser will be forced to find a solution to both these problems if economic stability and even the present standard of living are to be maintained.

Egyptian External Relations.

4. Soviet Bloc. The withdrawal of Western economic help and to a greater extent the imposition of economic restrictions by the West will tend to put Egypt more and more under Soviet influence. Nasser will try to avoid this by negotiating trading and financial agreements with uncommitted countries, but it is unlikely these will either give him the credits needed for large long-term projects or be able to supply his requirements of heavy arms and aircraft. He will not wish to become more dependent on Soviet bloc help as this will expose him to Soviet blackmail and will make some other Arab leaders, notably King Saud, less willing to cooperate with him. It is difficult to see, however, how he can avoid an increasing dependence on the Soviet bloc and Soviet influences are therefore likely to have a mounting effect on his political policy. Soviet advice is likely during the next two or three years at least to be against violent action which might involve directly the Western powers, particularly the United States, under the terms of the Tripartite Declaration.

5. Israel.

- (a) The single factor which has most unified the Arab world is the dispute with Israel. A successful attack on Israel under Nasser's leadership would win him a supreme position in the Arab world. Defeat on the other hand would undo all his recent gains and might well mean his own desposition. To ensure success Nasser would probably think it necessary to carry out combined offensives from Egypt, Jordan and Syria. He will at present be doubtful of the efficiency of the Jordan and Syrian forces and may not be entirely confident of the efficiency of his own forces in comparison with those of Israel.
- (b) It seems likely that Nasser will try to improve the efficiency of the Arab forces and to gain more direct or indirect control over Jordan and Syria before attacking Israel. Soviet advice is likely (see para 4) to be against such an attack, as this would probably involve Egypt in a direct clash with the West.

U.K. EYES ONLY TOP SECRET

U.K. EYES ONLY

6. Arab States. Externally, Iraq presents the greatest threat to Egypt in her bid for the leadership of the Arab world. In addition, Nasser's success and his growing dependence on Communist support has frightened the richest of his allies, King Saud.

Probable Actions

- 7. In view of the various considerations outlined above we would expect Nasser's next actions to be those given in the succeeding paragraphs. He would probably like to carry out all these courses simultaneously, but some must depend for their timing on circumstances outside his own control. Moreover, as an opportunist, he will switch the emphasis from one course to another at little notice. It is therefore not possible to forecast how the situation would develop.
- 8. Egypt.(a) He will probably denounce the Canal Base agreement and take over the base. It is the most obvious vestige of foreign control on Egyptian soil and he will certainly wish to get rid of it.
 - (b) He is likely to nationalise the Anglo-Egyptian Oil Company. He has already hinted at this.
 - (c) He will seek to realise the Aswan Dam project despite the withdrawal of Western financial support. Since presumably the money will not be available from any Western source, he will inevitably be compelled to have recourse to the Soviet Union.
- 9. Sudan. In addition to finance, the success of the Aswan Dam project depends on agreement with the Sudan on the use of the Nile waters: he will therefore renew negotiations with Khartoum. If the Sudanese Government raise difficulties, he will seek to gain his ends by subversion, corruption and propaganda, possibly leading to the downfall of the present government and its replacement by one favourable to him.
- 10. Iraq. He will seek to bring about a revolution in Iraq with the object of removing the present pro-Western regime. Such a plot would certainly include the assassination of Nuri. There are already elements in Iraq impressed by Nasser's present success and they would be greatly heartened if his nationalisation of the Suez Canal succeeded. In addition, there are indications that Egyptian plans for a revolution have already been made.
- 11. Western Oil Interests. Since his championship of the cause of Arab nationalism inevitably involves opposition to Western exploitation of the raw materials of the Arab countries, Nasser will encourage plots to eliminate Western control over oil, the most important of these materials. We expect he will foment unrest in all the oilfields in the Middle East, with the object of furthering Egyptian leadership of the Arab world.
- 12. Jordan. Nasser will try to force Jordan into closer association, encouraging the pro-Egyptian extremist elements to take over the government and denounce the Anglo-Jordan Treaty. If King Hussein and his advisers withstood this pressure, Nasser would probably organise a revolution in an attempt to bring down the monarchy.

TOP SECRET U.K. EYES ONLY 13. Saudi Arabia. Pressure will be brought to bear on King Saud to come into closer as ociation with Egypt. Egypt's financial resources are limited and the financial assistance of King Saud is extremely important to Nasser in paying for the prosecution of

14. Libya. In Libya pressure will be brought to bear on the Libyan Government to denounce the agreements with the United Kingdom and the United States on the provision of bases. The Libyan Government would have little ability to resist such pressure, particularly if Nasser had been successful with his subversion in other Arab States. As in the case of Jordan and Saudi Arabia, he would not hesitate to organise the downfall of the monarchy if the King and his advisers withstood his pressure; there is already evidence of an Egyptian plot against the King's life.

his policies in the Arab states. If King Saud continues cool

monarchy in Saudi Arabia.

towards Nasser, the latter might even attempt to overthrow the

- Persian Gulf. In the Sheikhdoms of Kuwait, Bahrain and Qatar Nasser will probably exploit the rising tide of Arab nationalism and dissatisfaction with feudal rule to prompt demands for the termination of the protectorate treaties and of the special position of H,M.G. generally. He may even attempt similar action in the Trucial States. In the Sultanate of Muscat and Oman he may attempt to instigate armed rebellion.
- 16. North West Africa. He will increase his support for the Algerian rebellion by propaganda and by increased smuggling of arms in order to assist in the expulsion of France from North Africa and to lure Morrocco, Algeria and Tunisia under his influence.
- 17. Aden. In Aden, Nasser will try to force Britain out of both the Protectorates and the Colony by instigating political and industrial unrest in the Colony and armed rebellion in the Protectorates. Saudi Arabia and the Yemen would probably be willing cooperators in this plan.
- 18. British Territories in Africa. With the object of promoting the aggrandisement of Egypt and reducing the influence of the United Kingdom in the Middle East and Africa, Nasser will exploit nationalist sentiment in all the British territories in Africa, encouraging demands for independence from the United Kingdom and fomenting strikes and labour unrest. These will include subversive activities among the Arab population of Kenya and in other Mohammedan areas of the African colonies.

Conclusions

- 19. Our conclusions are as follows:-
 - (a) In order to promote and what he conceives to be Egypts interests to maintain his own personal position, both internally and externally, Nasser will have to maintain the momentum of his policies of eliminating the remaining vestiges of foreign control within Egypt and of establishing Egypt as the head of the Arab world. He will have no alternative but to rely on Soviet economic support in this and will thus become increasingly subject to Soviet political influence.

TOP SECRET U.K. EYES ONLY Nasser will probably not feel strong enough to attack Israel until he has greater control over Syria and Jordan and the Egyptian and other Arab forces are better trained and coordinated. Soviet influence will probably attempt to restrain Nasser from such an attack. (c) Inside Egypt Nasser is likely to denounce the Canal Base agreement and nationalise the oil industry. (a) He will bring pressure to bear on the Sudan to agree to the High Aswan dam project. (e) He will bring pressure to bear on those Arab States which have agreements with Western powers (Iraq, Jordan and Libya) to terminate them. If they refuse he will attempt by subversion or violent means to replace the present rulers by ones more complaisant to him. He may also incite revolution in Saudi Arabia if King Saud will not give him financial and other help. Elsewhere Nasser will attempt by subversion to reduce

the power of Western oil interests and remove or reduce

British influence, particularly in Aden and the Persian

population of Kenya and in other Mohammadan areas in

Gulf. He will step up propaganda among the Arab

U.K. EYES ONLY

TOP SECRET

British African Colonies.

MINISTRY OF DEFENCE, S.W. I.

5th October, 1956

Note

The attached Draft is circulated for comments which should be passed to the J.I.S. (1st Team) by 1700 hrs Thursday 4th October, 1956.

Ministry of Defence S.7.1

2nd October, 1956

+ J.I.C. (56)97 (Draft)

U.K. HYES ONLY
TOP SECRET

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

The circulation of this paper has been strictly limited.

It is issued for the personal use of Mr. C. Y. Caustains.

TOP SECRET

Copy No.

DRAFT

TO BE RETURNED TO THE SECRETARY, JOINT INTELLIGENCE COMMITTEE

J. I. C. (56) 97 (Draft)

2nd October, 1956.

U.K. EYES ONLY

CHIEFS OF STAFF COMMITTEE

JOINT INTELLIGENCE COLMITTEE

POSSIBLE COURSES OF ACTION OPEN TO NASSER IN CERTAIN CIRCUMSTANCES

Draft Report by the Joint Intelligence Committee

In this report we examine the future courses of action which Nasser might adopt if the Suez crisis were settled on terms which were considered satisfactory by him and which left his prestige undiminished.

Nasser's Policy

Nasser's policy hitherto has consistently followed two main principles: internally, the elimination of any vestiges of foreign control over Egypt and externally the establishment of Egypt as the undisputed leader of the Arab world. In pursuance of the first of these principles Nasser secured the removal of the United Kingdom troops from the Canal Zone and the elimination of international control over the Suez Canal. In pursuance of the second principle a widespread diplomatic and propaganda campaign has been mounted building up Nasser as the protagonist of Arab nationalism and harnessing all sources of Arab dissatisfaction with the Western world (e.g. Israel) to this cause. The nationalisation of the Suez Canal does not bring either of these policies to a final conclusion and Nasser can be expected to press on with them both. In any case, his own personal interests as well as what he conceives to be Egypt's national interests are bound up with the successful prosecution of these policies; he is a revolutionary dictator and his personal success depends, both internally and externally, on maintaining the momentum of his policies.

U.K. EYES ONLY

Egyptian Internal Problems

3. Internally, Nasser has serious economic difficulties to contend with. The population of Egypt is increasing rapidly and more agricultural land and diversification by industrial development are urgently needed to support it; this in turn necessitates further irrigation schemes such as the Aswan Dam project and investment in a variety of industrial schemes. Any of the large irrication schemes will require the agreement of the Sudan and possibly other riparian states. Egypt faces chronic difficulties over her balance of payments. Until recently she has been bridging the gap by drawing on her foreign assets a resource which is now to a large extent closed to her by the measures taken by the U.K., U.S.A. and France; the resultant difficulties are unlikely to become acute for some months but thereafter may grow, especially if further economical measures are applied. Masser will be forced to find a solution to both these problems if economic stability and even the present standard of living are to be maintained.

Egyptian External Relations

4. Soviet Bloc. The withdrawal of Western economic help and to a greater extent the imposition of economic sanctions by the West will tend to put Egypt more and more under Soviet influence. Nasser will try to avoid this by negotiating trading and financial agreements with uncommitted countries, but it is unlikely these will either give him the credits needed for large long term projects or be able to supply his requirements of heavy arms and aircraft. He will not wish to become largely dependent on Soviet bloc help as this will expose him to Soviet blackmail and will make some other Arab leaders, notably King Saud, less willing to cooperate with him. It is difficult to see however how he can avoid a considerable amount of dependence on the Soviet bloc and Soviet influences are therefore likely to have an effect on his policy. Soviet advice is likely during the next two or three years at least to be against violent action which might involve directly the Western powers, particularly the United States under the terms of the Tripartite Declaration.

5. Israel

(a) The single factor which has most unified the Arab world is the dispute with Israel. A successful attack on Israel under Masser's leadership would win him a supreme position in the Arab world. Defeat on the other hand would undo all his recent gains and might well mean his own deposition. To ensure success Nasser would probably think it necessary to carry out combined offensives from Egypt, Jordan and Syria. He will at present be doubtful of the efficiency of the Jordan and Syrian forces and may not be entirely confident of the efficiency of his own forces in comparison with those of Israel.

- (b) It seems likely that Nasser will try to improve the efficiency of the Arab forces and to gain more direct or indirect control over Jordan and Syria before attacking Israel. Soviet advice is likely (see para 4) to be against such an attack, as this would probably involve Egypt in a direct clash with the West.
- 6. Arab States. Externally, Iraq presents the greatest threat to Tgypt in her bid for the Leadership of the Arab world. In addition, Nasser's success and his growing dependence on Communist support has frightened the richest of his allies, King Saud.

Probable Courses of Action

- 7. In view of the various considerations outlined above we would expect Nasser's next actions to be those given in the succeeding paragraphs. He would probably like to carry out all these courses simultaneously but some must depend for their timing on circumstances outside his own control. It is therefore not possible to forecast how the situation would develop.
- 8. Egypt. (a) He will probably denounce the Canal Base agreement and take over the base. It is the most obvious vestige of foreign control on Egyptian soil and he will certainly wish to get rid of it;
 - (b) he is likely to nationalise the Anglo-Egyptian Oil Company. He has already hinted at this.
 - (v) he will seek to realise the Aswan Dam project despite the withdrawal of Western financial support. Since presumably the money will not be available from any Western source, he will inevitably be compelled to have recourse to the Soviet Union.
- 9. Sudan. In addition to finance, the success of the Aswan Dam project depends on agreement with the Sudan on the use of the Nile waters: he will therefore renew negotiations with Khartoum. If the Sudanese Covernment raise difficulties, he will seek to gain his ends by subversion, corruption and propaganda, possibly leading to the downfall of the present government and its replacement by one favourable to him.
- Iraq With the object of removing the present pro-Western regime. Such a plot would certainly include the assassination of Nuri. There are already elements in Iraq impressed by Nasser's present success and they would be greatly heartened if his nationalisation of the Suez Canal succeeded. In addition, there are indications that Heyptian plans for a revolution have already been made.

- 11. Western Oil Interests. Since his championship of the cause of Arab nationalism inevitably involves opposition to Western exploitation of the raw materials of the Arab countries, Nasser will encourage plots to eliminate Western control over oil, the most important of these materials. We expect the fermentation of unrest in all the oilfields in the Middle East, with the object of furthering Egyptian leadership of the Arab world.
- 12. Jordan. Nasser will force Jordan into closer association, encouraging the pro-Egyptian extremist elements to take over the government and denounce the Anglo-Jordan Treaty. If King Hussein and his advisers withstood this pressure, Nasser would probably organise a revolution to bring down the monarchy.
- 13. Saudi Arabia. With the same object, pressure will be brought to bear on King Saud to come into closer association with Egypt. Egypt's financial resources are limited and the financial assistance of King Saud is extremely important to Nasser in paying for the prosecution of his policies in the Arab states. If King Saud continues cool towards Nasser, the latter might even attempt to overthrow the monarchy in Saudi Arabia.
- 14. Libya. In Libya pressure will be brought to bear on the Libyan Government to denounce the agreements with the United Kingdom and the United States on the provision of bases. The Libyan Government would have little ability to resist such pressure, particularly if Nasser had been successful with his subversion in other Arab States.
- Oulf, Nasser will probably exploit the rising tide of Arab nationalism to prompt demands for the termination of the treaties with the United Kingdom and the removal of British representatives. In the Sultanation of Muscat and Oman he may attempt to instigate armed rebellion.
- British Territories. With the object both of promoting the aggrandisement of Mgypt and reducing the influence of the United Kingdom in the Middle East and Africa, Nasser will exploit nationalist sentiment in all the British territories in the area especially Aden, encouraging demands for independence from the United Mingdom and fermenting strikes and labour unrest. These will include subversive activities agong the Arab population of Kenya and he will include the Manual Man
- 17. Our conclusions are as follows:-
 - (a) Nasser will probably not feel strong enough to attack Israel until he has greater control over Syria and Jordan and the Egyptian and other Arab forces are better trained and coordinated. Soviet influence will probably restrain Nasser from such an attack.

- (b) Inside Egypt Nasser is likely to denounce the Canal Base agreement and nationalise the oil industry.
- (c) He will bring pressure to bear on the Sudan to agree to the High Aswan dam project, which he will hope will be financed by the Soviet Bloc.
- (d) He will bring pressure to bear on those Arab States which have agreements with Western powers (Iraq, Jordan and Libya) to terminate the agreements. If they refuse he will attempt by subversion or violent means to replace the present rulers by ones more complaisant to him. He may also attempt revolution in Saudi Arabia if King Saud will not give him financial and other help.
- (e) Elsewhere Nasser will attempt by subversion to reduce the power of Western oil interests and remove or reduce British influence, particularly in Aden and the Persian Gulf.

(d) Lumause para 16

MINISTRY OF DEFINOR, S.W.1.

2nd October, 1956.

Extract from J.1.e. (56) 85th Meeting (Deputy Directors 0) - 26/9/56

TOP SECRET U.K. EYES ONLY

1. SITUATION IN THE MIDDLE EAST

(Previous reference: J.I.C. (56)81st Meeting, Minute 9, Conclusion (2))

MR. McDERMOTT referred to the Committee's discussion at the above quoted meeting and said that a preliminary draft of a report prepared by the Joint Intelligence Staff had now been circulated which dealt with the possible courses of action open to Nasser if the Suez crisis were settled on terms considered satisfactory by him, and which left his prestige undiminished.

The Committee should now decide whether to put in hand the second part of the study covering the effects of such an outcome on other countries in the Middle East.

Mr. McDermott said that, for his part, he felt that such a study would be too speculative at the present time to make it worth while, and moreover the Departments of the Foreign Office which would be mainly concerned were already swamped with work. He suggested, therefore, that the Committee should not undertake the second study and that the present report should be processed in the usual way and finalised.

In a short discussion THE COMMITTEE agreed with the points made by Mr. McDermott.

THE COMMITTEE: -

Invited the Joint Intelligence Staff to take note of their decision as agreed in discussion, and to proceed with the drafting of their report.

75 / J.I.C. (56)97(Preliminary Draft)

Plaid that wides the whole would be hould be hould be hould be the factor and the

(75) me hould

76

Extract from TIC (56) 83 m M/g (Directors)- 20.9 86

U.K. EYES ONLY

JOURNAL DISPUTE SUEZ CANAL DISPUTE

REAR ADMIRAL INGLIS referred to the last sentence of paragraph 10 of the brief for the Review of Current Intelligence. He understood that the sentence in question represented a compromise between conflicting viewpoints at the Heads of Sections meeting. As it stood the statement contained in the sentence in question was somewhat bald.

MR. DEAN agreed that this aspect should be expanded and might form the subject of a separate note.

THE COMMITTEE: -

Invited the Heads of Sections at their next meeting to produce a separate note on this subject for inclusion in their brief for the next meeting of the Directors of Intelligence:

- (a) setting out the arguments on either side;
- (b) if possible, reaching a decision;
- (c) if they were unable to achieve (b) to leave the decision to the Directors of Intelligence

. # J.I.C./2340/56 dated 19th September, 1956



NOTE

The attached Preliminary
Draft Report is circulated in
connection with item 1 of the
agendaX of the meeting of the
Joint Intelligence Committee
(Deputy Directors) on WEDNESDAY,
26th SEPTEMBER, 1956.

MINISTRY OF DEFENCE, S.W.1.

24th September, 1956.

NX JIC(56)97(Preliminary Draft)

TOP SECRET

M-600 ton 15

(THIS POCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT)

U.K. EYES ONLY

DRAFT

TO BE RETURNED TO THE SECREDARY, JOINT INTELLIGENCE COMMITTEE

J.I.C.(56)97(Preliminary Draft)

COPY NO. 34

24th September, 1956

CHIEFS OF STAFF COMMITTEE
JOINT INTELLIGENCE COMMITTEE

POSSIBLE COURSES OF ACTION OPEN TO NASSER IN CERTAIN CIRCUMSTANCES

Draft Report by the Joint Intelligence Committee

In this report we examine the future courses of action which Nasser might adopt if the Suez crisis were settled on terms which were considered satisfactory by him and which left his prestige undiminished.

2. Nasser's policy hitherto has consistently followed two main principles: internally, the elimination of any vestiges of foreign control over Egypt and externally the establishment of Egypt as the undisputed leader of the Arab world. In pursuance of the first of these principles Nasser secured the removal of the United Kingdom troops from the Canal Zone and the elimination of international control over the Suez Canal. In pursuance of the second principle a widespread diplomatic and propaganda campaign has been mounted building up Nasser as the protagonist of Arab nationalism and harnessing all sources of Arab dissatisfaction with the Western world (e.g. Israel) to this cause. The nationalisation of the

U.K. EYES ONLY

TOP SECRET

Suez Canal does not bring either of these policies to a final conclusion and Nasser can be expected to press on with them both. In any case, his own personal interests as well as what he conceives to be Egypt's national interests are bound up with the successful prosecution of these policies; he is a revolutionary dictator and his personal success depends, both internally and externally, on maintaining the momentum of his policies.

- J. Internally, however, he has serious economic difficulties to contend with. The population of Egypt is increasing rapidly and more agricultural land and diversification by industrial development are urgently needed to support it; this in turn necessitates further irrigation schemes such as the Aswan Dam project and investment in a variety of industrial schemes. However, Egypt faces chronic difficulties over her balance of payments; until recently she has been bridging the gap by drawing on her sterling balances in London, a source which is now closed to her. Nasser will be forced to find a solution to both these problems if economic stability and even the present standard of living are to be maintained.
- 4. Externally, Iraq presents the greatest threat to Egypt in her bid for the leadership of the Arab world. In addition, his very success has frightened the richest of his allies, King Saud.
- Assuming that the Suez crisis is settled on terms which he considers satisfactory and that his prestige is undiminished, we would expect Nasser's next actions to be:-
 - (a) he will denounce the Canal Base agreement and take over the base. It is the most obvious vestige of foreign control on Egyptian soil and he will certainly wish to get rid of it;

- (b) he will nationalise the Anglo-Egyptian
 Oil Company. He has already hinted at this.
- (c) he will seek to realise the Aswan Dam

 project despite the withdrawal of Western

 financial support. Since presumably the

 money will not be available from any Western

 source, he will inevitably be compelled to

 have recourse to the Soviet Union;
- of the Aswan Dam project depends on agreement with the Sudan on the use of the Nile waters, he will renew negotiations with Khartoum. If the Sudanese government raise difficulties, he will seek to gain his ends by subversion, corruption and propaganda, possibly leading to the downfall of the present government and its replacement by one favourable to him;
- (e) he will seek to bring about a revolution in

 Iraq with the object of removing the present

 pro-Western regime. Such a plot would certainly

 include the assassination of Nuri. There are

 already elements in Iraq impressed by Nasser's

 present success and they would be greatly

 heartened if his nationalisation of the Suez Canal

 succeeded. In addition, there are indications

 that Egyptian plans for a revolution have already

 been made.

- since his championship of the cause of Arab nationalism inevitably involves opposition to Western exploitation of the raw materials of the Arab countries, Nasser will encourage plots to eliminate Western control over oil, the most important of these materials. We expect the fermentation of unrest in all the oilfields in the Middle East. With the object of furthering Egyptian leadership of the Arab world, Nasser will force Jordan into closer association, encouraging the pro-Egyptian extremist elements to take over the government and denounce the Anglo-Jordan Treaty. If King Hussein and his advisers withstood this pressure, Nasser would probably organise a revolution to bring down the monarchy
- brought to bear on King Saud to come into closer association with Egypt. Egypt's financial resources are limited and the financial assistance of King Saud is extremely important to Nasser in paying for the prosecution of his policies in the Arab states. If King Saud continues cool towards Nasser, the latter might even attempt to overthrow the monarchy in Saudi Arabia.
- (h) In Libya pressure will be brought to bear on the Libyan government to denounce the agreements with the United Kingdom and the United States on the provision of bases.

- (i) in the Trucial States of the Persian
 Gulf, Nasser will probably exploit the
 rising tide of Arab nationalism to prompt
 demands for the termination of the treaties
 with the United Kingdom and the removal of
 British representatives.
- aggrandisement of Egypt and reducing the influence of the United Kingdom in the Middle East and Africa, Nasser will exploit nationalist sentiment in all the British territories in the area, encouraging demands for independence from the United Kingdom and fermenting strikes and labour unrest.
- the single factor which has most unified the Arab world is the dispute with Israel. Undoubtedly a successful attack on Israel under Nasser's leadership would win him a supreme position in the Arab world. We doubt, however, despite a heady success in the Canal dispute, whether Nasser could be confident of defeating Israel, but we should expect him to exploit this issue to the full in propaganda and by organising continued raids into Israel on a more active scale than in the past.

CONCLUSIONS

7. (To follow)

MINISTRY OF DEFENCE, S.W.1.

24th September, 1956.

